

MONTHLY REVENUE REPORT

June 2006

Michigan's major General Fund and School Aid Fund earmarked taxes generated \$1.62 billion in June, which was up 3.9% from last year's level. This increase in June's tax receipts basically offset a 4.0% decline in May, and as a result, tax collections so far in FY 2005-06 appear to be right on target with the May consensus revenue estimates. The increase in June tax collections was led by increases in revenue from the income, sales, use, single business, tobacco, State education, and casino taxes. The only major taxes that posted a revenue decline in June were the insurance, real estate transfer, estate, and severance taxes. On a fiscal year-to-date basis, tax collections are ahead of last year's level by 0.7%.

Net income tax collections (gross collections less refunds) totaled \$623.2 million in June, representing a 5.6% increase from the year-ago level. Gross income tax collections (withholding, quarterly, and annual payments) totaled \$671.2 million in June, which topped last year's level by 5.1%. Withholding tax payments totaled \$521.3 million, up 4.4%, quarterly payments increased 11.1% to \$150.1 million, and annual payments fell 31.8% to \$8.8 million. Income tax refunds totaled \$48.0 million, which was essentially unchanged from last year's level. So far in FY 2005-06, net income tax collections are up 2.7%.

Sales tax collections totaled \$587.6 million in June, which was up a slight 0.6% from the year-ago level. This increase occurred despite the fact that sales tax collections from motor vehicle sales fell 15.3% to \$66.3 million. This marked the 26th time in the past 27 months that motor vehicle sales tax collections fell below their year-ago level. Sales tax collections from all other taxable retail sales increased 3.1% to \$521.3 million, which offset the decline in motor vehicle sales tax collections. On a fiscal year-to-date basis, sales tax collections are up from last year's pace by a modest 0.6%.

Use tax receipts increased 4.1% to \$124.7 million. This marked only the third time out of the past eight months that use tax collections topped the year-ago level. Use tax collections from motor vehicle transactions were down 10.8%, but all other use tax collections were up 6.3%. So far in FY 2005-06, use tax collections are down 0.7%.

Single business tax revenue totaled \$106.6 million in June, representing an increase of 10.7% from last year's level. This marked the fourth time in the past six months that single business tax receipts posted an increase. As a result, during the first nine months of FY 2005-06, single business tax collections are up 3.5%.

General Fund earmarked tax revenue was up about 4.5% in June due primarily to the growth in income, single business, and use tax collections. School Aid Fund earmarked tax revenue was also up in June, but by a slower 1.6%. This slower growth in School Aid Fund tax revenue primarily reflects the slower growth in sales tax receipts.

The table on the back of this report identifies the major taxes included in this report, and provides their respective revenue levels and growth rates for June 2006, along with their fiscal year-to-date collections and growth rates. Also presented are the consensus revenue estimates for FY 2005-06, which were adopted at the May 2006 Consensus Revenue Estimating Conference.



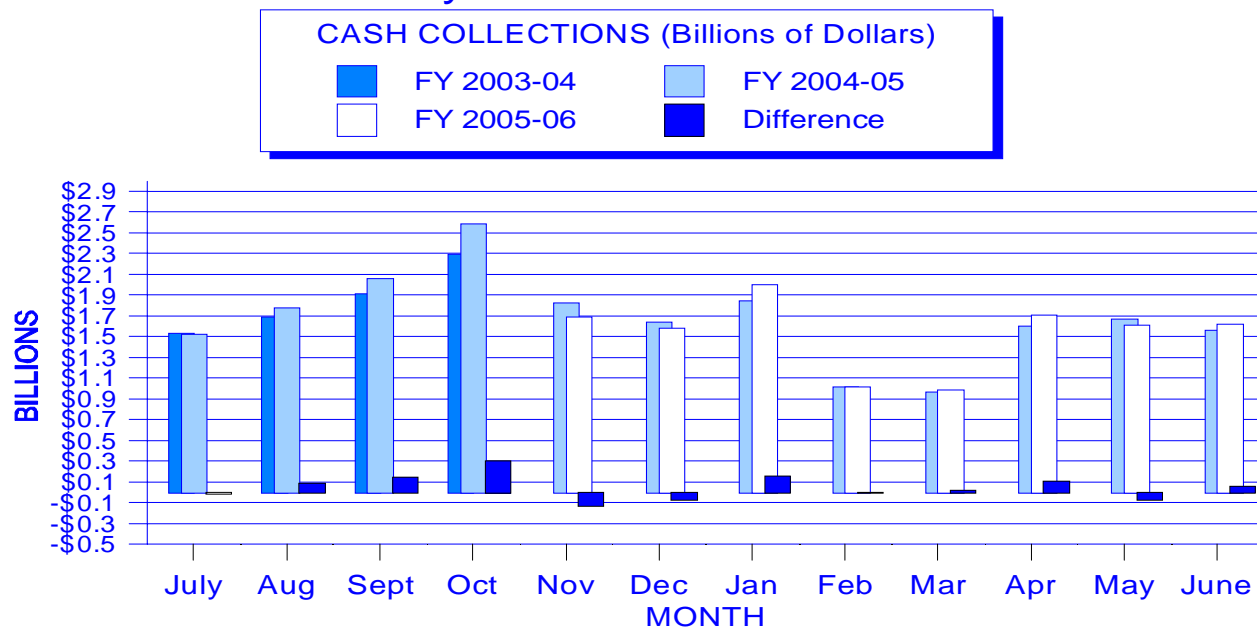
Jay Wortley, Senior Economist

MICHIGAN REVENUE UPDATE
JUNE 2006
(dollars in millions)

Type of Revenue	June Collections		FY 2005-06 to Date ²⁾		FY 2005-06 Estimate ³⁾	
	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From Year Ago	Total ¹⁾	% Change From FY 2004-05
Gross Income Tax	\$671.2	5.1%	\$5,490.3	2.2%	\$7,933.7	2.8%
Refunds	(48.0)	(0.6)	(1,542.4)	0.9	(1,679.0)	4.2
Net Income Tax	\$623.2	5.6%	\$3,947.9	2.7%	\$6,254.7	2.4%
Sales Tax	587.6	0.6	4,377.1	0.6	6,709.6	1.7
Motor Vehicles	66.3	(15.3)	452.7	(11.8)	---	---
All Other Sales Tax	521.3	3.1	3,924.4	2.2	---	---
Use Tax	124.7	4.1	916.2	(0.7)	1,411.6	0.7
Tobacco Taxes	104.5	13.5	755.8	1.6	1,179.5	0.0
Single Business Tax	106.6	10.7	1,245.0	3.5	1,852.9	(3.2)
Insurance Tax	1.2	(14.3)	139.5	(8.9)	235.0	(5.8)
State Education Property Tax	33.0	29.4	457.2	(3.4)	2,010.0	5.0
Real Estate Transfer Tax	22.3	(19.2)	203.4	2.0	320.0	2.1
Estate/Inheritance Tax	(0.3)	(112.0)	0.1	(99.5)	1.0	(99.0)
Casino Wagering Tax ⁴⁾	12.9	15.2	115.8	6.3	152.4	4.5
Oil & Gas Severance Tax	6.6	(42.6)	61.3	32.1	94.0	40.9
Total	\$1,622.3	3.9%	\$12,219.3	0.7%	\$20,220.7	1.1%
Addendum:						
Gross Lottery Sales ⁴⁾	\$199.2	30.1%	\$1,704.8	10.3%	\$2,223.8	8.7%
Net to School Aid Fund ⁴⁾	\$ 63.2	37.0%	\$ 531.9	10.0%	\$ 708.5	6.1%

- 1) Total collections are unadjusted cash collections unless otherwise noted.
2) FY 2005-06 year-to-date collections begin with November 2005 collections to reflect accrual accounting.
3) Consensus revenue estimates adopted at the May 17, 2006, Consensus Revenue Estimating Conference.
4) Lottery and casino revenue is not accrued, so FY 2005-06 collections will include October 2005 to September 2006.

Actual Revenue Collections for Major State Taxes*
July 2004 to June 2006



*Comparison of actual collections. Major taxes include the net income (gross collections less refunds), sales, use, tobacco (cigarette tax and other tobacco products tax), SBT, insurance retaliatory, estate, oil and gas severance, State education property, real estate transfer, and casino wagering taxes.